

Message Text

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64

ACTION EB-07

INFO OCT-01 ARA-10 EUR-12 ISO-00 FEA-01 ERDA-07 AID-05

CEA-01 CIAE-00 CIEP-02 COME-00 DODE-00 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-15 SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00 PA-02

PRS-01 NEA-10 AF-06 EA-09 /144 W
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TO SECSTATE WASHDC 7311

INFO AMCONSUL GUAYAQUIL

AMEMBASSY VIENNA

UNCLAS QUITO 7003

E.O. 11652: N/A

TAGS: ENRG, EC

SUBJECT: MINISTER OF NATURAL RESOURCES DECLARES GOE WILL SUPPORT OPEC
PRICE RISE; BUT REINTERATES CALL FOR SPECIAL OPEC TREATMENT FOR
ECUADOREAN OIL

REFS: (A) QUITO 6944 (B) QUITO 6943 (NOTAL)

1. MINISTER OF NATURAL RESOURCES, JAIME DUENAS, ISSUED A
WRITTEN STATEMENT YESTERDAY RESPONDING TO NUMEROUS PRESS
INQUIRIES TOUCHED OFF BY HIS REMARKS REPORTED IN REFTELS.
IN SUM, THE NEW STATEMENT REAFFIRMS ECUADOR'S
ALLEGIANCE TO OPEC BUT STRESSES ONCE AGAIN ECUADOR'S NEED
FOR SPECIAL TREATMENT UNDER OPEC DECISIONS. FOLLOWING IS
OUR INFORMAL
TRANSLATION OF THE FULL TEXT OF THE MINISTER'S STATEMENT:

2. "IN ORDER THAT THERE BE NO POSSIBILITY OF THE SLIGHTEST
MISTAKE WITH REGARD TO THE POSITION OF ECUADOR VIS-A-VIS
OPEC, I WANT TO FORMULATE A CATEGORICAL DECLARATION:
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ECUADOR, THROUGH THE GOVERNMENT OF THE ARMED FORCES, HAS

ADHERED AND ADHERES RESOLUTELY TO THE PRINCIPLES THAT MOTIVATE OPEC. IN CONSEQUENCE, IN MY CAPACITY AS MINISTER CHARGED WITH THE EXECUTION OF PETROLEUM POLICY, I DECLARE THAT THIS POSITION OF ECUADOR WILL BE MAINTAINED IN UNALTERABLE FORM, AND INDEED, THIS POLICY HAS NOT CHANGED IN ITS ESSENCE. NEVERTHELESS, ECUADOR'S SOLIDARITY WITH THE PRINCIPLES OF OPEC DOES NOT PREVENT ME FROM SEEKING THAT, WITHIN THE ORGANIZATION TO WHICH WE BELONG, THERE BE CONSIDERED FOR ECUADOR A TREATMENT THAT CORRESPONDS TO ITS CONDITION AS A SMALL PRODUCER AND EXPORTER OF CRUDE OIL, IN SUCH A WAY THAT THIS TREATMENT ASSURES THAT ITS PETROLEUM CAN BE SOLD UNDER COMPETITIVE CONDITIONS, AND INDEED, AS WE ALL KNOW, THE ECONOMY AND IN CONSEQUENCE THE DEVELOPMENT OF ECUADOR DEPEND SUBSTANTIALLY ON PETROLEUM.

3. "I WANT LIKEWISE TO DETAIL THE FORM IN WHICH I BELIEVE THE MEMBER COUNTRIES COULD CONSIDER PREFERENTIAL TREATMENT FOR ECUADOR. THIS COMPREHENDS BASICALLY TWO ASPECTS:

1) "THAT WITHIN OPEC THERE BE MADE AN EQUITABLE DISTRIBUTION OF THE MARKET, IN SUCH A WAY THAT PURCHASES OF OUR CRUDE OIL ARE ASSURED; AND
2) "THAT THE PRODUCTION OF ECUADOREAN PETROLEUM COULD BE MAINTAINED AT ITS OPTIMAL LEVELS, FROM THE TECHNICAL POINT OF VIEW REGARDING CONSERVATION OF RESERVES AND RATIONAL EXPLOITATION, IN SUCH A WAY THAT THIS LEVEL BE SUSTAINED AND THAT ANY EVENTUAL DECISION TO REDUCE IT WILL NOT AFFECT IT, BECAUSE APART FROM THIS, THAT SUITS THE PROGRESS OF THE ECONOMIC AND SOCIAL PROJECTS THAT ARE FINANCED WITH THE FUNDS PRODUCED BY PETROLEUM. (TRANSLATOR'S NOTE: THIS KEY STATEMENT IS MURKY IN THE ORIGINAL SPANISH AS WELL AS IN THIS TRANSLATION.)

4. "THIS PREFERENTIAL TREATMENT THAT WE HAVE TO IMPLEMENT WITHIN OPEC CANNOT IMPLY IN ANY WAY THAT ECUADOR IS OPPOSED TO THE RISE OF THE PRICE OF PETROLEUM, IN THAT THIS INCREASE WOULD RESULT IN A GREATER INCOME FOR THE COUNTRY AND WOULD HELP COMPENSATE FOR THE NEGATIVE EFFECTS OF WORLDWIDE INFLATION. IT MUST BE UNDERSTOOD THAT ANY POSSIBLE INCREASE HAS TO BE ENCOMPASSED IN THE BEHAVIOR OF THE MARKET.
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5. "REGARDING THE POSITIVE ABOUT OUR BELONGING TO OPEC, THE FACT IS ALREADY HIGHLY POSITIVE FOR OUR PRESENCE THAT THIS ORGANIZATION HAS BEEN THE MOTIVATING FORCE BEHIND THE REVISION OF THE TERMS OF EXCHANGE WHICH HAS GIVEN TO PETROLEUM, FOR THE FIRST TIME IN HISTORY, A JUST PRICE THAT HAS PERMITTED THE OFFSETTING, ALBEIT PARTIALLY, THE ONEROUS BURDEN OF HIGH PRICES AT WHICH THE OUTPUT OF

THE DEVELOPED COUNTRIES HAS BEEN SOLD TO US. EQUALLY
POSITIVE ARE THE CIRCUMSTANCES UNDER WHICH WE ARE ABLE
TO COUNT UPON THE SOLIDARITY OF THE MOST POWERFUL BLOCK
OF PETROLEUM PRODUCERS IN THE WORLD FOR THE DEFENSE OF
THIS STRATEGIC RESOURCE.

6. "BUT AS IMPORTANT AS THIS IS THE CIRCUMSTANCE THAT,
WITHIN OPEC, ECUADOR IS ABLE TO MATERIALIZE THE VALUE OF ITS
RIGHTS AS A SMALL PRODUCER, AND THAT THE DECISIONS ADOPTED BY
THIS ORGANIZATION HARMONIZE AND COINCIDE WITH THE NATIONAL
INTERESTS."
BREWSTER

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